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From: Thomas W. Humphrey

Re: i Attorney Docket: MPS-30DV3
US Application Serial No. 09/859,615
Filed May 16, 2001
System and Method For Paying Bills and Other Obligations
Including Selective Payor and Payee Controls

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte

Appeal No. _____

Serial No.:	09/859,615
Filed:	May 16, 2001
Group Art Unit:	3691
Examiner:	Daniel Kesack
Applicant:	George W. Landry
Title:	System And Method For Paying Bills And Other Obligations Including Selective Payor And Payee Controls

Cincinnati, Ohio 45202

January 26, 2009

Via Facsimile

APPEAL BRIEF

This brief is in furtherance of Applicant's Notice of Appeal filed August 26, 2008,

appealing the decision of the Examiner dated February 26, 2008 finally rejecting claims 25-58. A

copy of the claims appears in the Appendix to this brief.

Real Party In Interest

The real party in interest in this appeal is MIDWEST PAYMENT SYSTEMS, an Ohio corporation of having a place of business at 38 Fountain Square Plaza, Cincinnati, Ohio 45263.

Related Appeals and Interferences

There are no such appeals or interferences.

Status of Claims

Total Number of Claims in the Application

Claims in the application are 25-58.

Status of all the Claims

1. Claims cancelled: 1-24

2. Claims withdrawn from consideration but not cancelled: NONE

3. Claims objected to: NONE

4. Claims allowed or confirmed: NONE

5. Claims rejected: 25-58

Claims on Appeal

The claims on appeal are Claims 25-58.

Status of Amendments

There are no amendments pending.

Summary of Claimed Subject Matter as to Independent Claim 25

Independent Claim 25 is described in the specification on page 38, lines 3-18 and Fig. 3, reference numbers 112, 120 and 150, and on page 49, line 11 through page 50, line 2, and Fig. 7 of the drawings.

As recited in claim 25, a bill paying system stores information for payees, and payors, including parameters established for enabling transfers of funds from a payee to a payor by a funds transfer generator. A communication device receives bill data from a plurality of payees and causes an interactive device to present the plurality of transactions representing bills of at least two different payees.

Summary of Claimed Subject Matter as to Independent Claim 42

Independent Claim 42 is described in the specification on page 38, lines 3-18 and Fig. 3, reference numbers 112, 120 and 150, and on page 49, line 11 through page 50, line 2, and Fig. 7 of the drawings.

As recited in claim 42, a bill paying method involves storing information for payees, and payors, including parameters established for enabling transfers of funds from a payee to a payor by a funds transfer. Funds transfers are generated based on bill data, and the stored information. The bill data from a plurality of payees is received and is presented on an interactive device.

Grounds of Rejection

Claims 25-38, 40-55, 57 and 58 remain rejected under 35 U.S.C. 103(a) as being unpatentable over Kight, U.S. Patent No. 5,383,113, in view of Pickering, U.S. Patent No. 5,483,445, as cited in the Final Office Action.

Argument

Applicant submits that the Examiner has failed to present a prima facie case of obviousness of the rejected claims based on the cited Kight and Pickering references. Furthermore, Applicant submits that the Examiner has improperly applied the standard of obviousness in asserting the combination of the cited Kight and Pickering references.

Applicant has argued based on upon the independent claims which stand or fall with the dependent claims for the purposes of this appeal.

Argument - Rejections under 35 U.S.C. § 103

Claims 25-38, 40-55, 57 and 58 remain rejected under 35 U.S.C. 103(a) as being unpatentable over Kight, U.S. Patent No. 5,383,113, in view of Pickering, U.S. Patent No. 5,483,445, as cited in the Office Action.

Kight discloses a system, developed by Checkfree Corporation, in which "a consumer may instruct a service provider by telephone, computer terminal, or other telecommunciations means to pay various bills without the consumer having to write a check for each bill." (Abstract) There is no disclosure in Kight of the consolidation of multiple bills for combined presentation, nor is there disclosure of an interactive device for presenting bills of multiple potential payees. Rather, the flow of information is not from the biller to the Kight system and then to the payor for authorization or review, but rather, from the biller to the payor, and then to the Kight system for initiation of the payment transfer. Note col. 1, line 66 et seq.: "The method of the present invention includes ... the generation of payment instructions by the consumer at a convenient location, typically remote from the payment service provider (e.g., at home), through an input

terminal such as a personal computer, a push-button telephone or other like communication means … validating each transaction against a dynamic credit file and routing based on set parameters…." Kight is thus a service provider for the actual routing of payment – not a service provider for bill collection. Kight does not in any way suggest collecting bill data from billers for presentation in combination to a payor.

Pickering is a filing made by American Express relating to a "method of consolidating a plurality of individual company charges for a customer…" (Abstract) In this method, a paper statement (see Pickering Fig. 7) is sent to the consumer, listing the payments due. A combined payment and a combined due date is identified (see 77 and 81). The Pickering patent notes that companies may be paid after the due date and would need to be paid a compensatory "float" payment in such cases (col. 10 lines 3-5. However, "it is preferable to determine or calculate the single periodic customer billing date for the company and utility charges that are incurred by the customer in order to minimize the overall compensatory payment or "float" payment rebated to the group of companies and utilities." (col. 10, lines 30-34 However, it is also possible for the "float" to be paid to the financial firm operating the system, as noted in col. 11 at lines 8-10.

The Examiner seeks to combine Kight and Pickering to achieve the claimed invention. However, this combination fails for at least two reasons.

First, the Examiner does not explain how he would find in either reference a system or method that would undertake the step of "causing an interactive device to present a plurality of transactions representing bills of at least two different payees", as recited in the claims. Kight lacks any suggestion of presenting bills of multiple billers on an interactive device and Pickering

−10−

uses paper to interact with a payor. Lacking these elements the Examiner does not have a prima facie case of obviousness.

Furthermore, the Examiner fails to explain why a person of skill would take the initial step of combining Kight and Pickering, a step that is required for an obviousness analysis.

As noted in Applicant's prior submissions, there is a fundamental incompatibility between Kight and Pickering that belies the Examiner's view that these references would be combined, in any fashion.

Specifically, all payment methods described within the Checkfree/Kight system are described in the overall context of controlling the credit risk of the service provider. Although there are some cases in which the Checkfree/Kight system initiates payments on the account of the service provider, these cases are limited to those circumstances where the risks of doing so are deemed sufficiently low. See, e.g., col. 6, lines 32-38.

In stark contrast, the American Express/Pickering system always takes credit risk – specifically, every payment method proposed by AmEx/Pickering involves the service provider paying bills of a customer on its own account and receiving a corresponding payment for the amount paid from the customer.

These differences between Kight and Pickering are not surprising when one considers the entities that originated those two references.

Kight was filed by Checkfree, a payment service provider that made its money on service fees for payments completed for customers. If one seeks to make money on service fees, there is

no need to take credit risk, unless in very constrained circumstances, as credit risk is unnecessary to collect service fees.

Pickering was filed by American Express, a bank that makes money on "float", or the interest that can be earned on payments made by its customers before those payments are delivered to their destination. Accordingly, Pickering discusses the possibility of "float" both to and from the various billers, arising out of the use of the system. If one seeks to make money on "float", one must receive the customer's money, and make payments on one's own account and accept credit risk from customers, otherwise, there is no temporary possession of money that can generate "float".

Applicant submits that the philosophies of Kight and Pickering are thus fundamentally incompatible. One would not look to Pickering to improve the Kight system, or vice versa, because the systems are fundamentally opposed in philosophy. Specifically, Pickering does not seek to enable billers to pay their own bills a la Kight, and Kight does not seek to be a financial intermediary in transactions a la Pickering.

The Examiner has not explained why these systems would or could be combined despite their incompatibility. At best, the Examiner has asserted that there are features from each that can be combined. However, the Examiner is not entitled to ignore reasons that combinations would not be made, and the recent *KSR* decision does not authorize the Examiner to ignore "teaching away" or any other indicia of nonobviousness as recognized in *Graham v. John Deere*.

Therefore, Applicant submits the Examiner has failed to make a case for obviousness of any group of features that may be culled piecemeal from these two references. Applicant thus submits that the claims as presented are allowable.

Accordingly, Applicant submits that the Examiner's rejection is in error and a reversal of

the rejection and allowance of the claims is therefore requested.

Respectfully submitted,

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1. - 24. Cancelled

25. (previously presented) A bill paying system, comprising

storage for payee information for each of a plurality of payees,

storage for payor information, the payor information including parameters established by a payor

for enabling transfers of funds to a payee from the payor establishing the parameters,

a funds transfer generator generating electronic funds transfer messages causing a transfer of an

identified amount of funds for an identified payor and an identified payee using bill data, the

stored payee information for the payee and/or the stored payor information for the payor,

a communication device for receiving bill data from a plurality of payees, and causing an

interactive device to present a plurality of transactions representing bills of at least two different

payees.

26. (previously presented) The bill paying system of claim 25 wherein the communication

interface is responsive to the payor's authorization of a bill to cause said funds transfer interface to

generate an electronic funds transfer message corresponding to the bill.

27. (previously presented) The bill paying system of claim 26 wherein authorization of a bill is

indicated by direct entry and selection of an item representing a transaction presented using the

interactive device.

28. (previously presented) The system of claim 25 wherein the interactive device comprises a digital computer under the control of the payor, and said transactions are presented to a payor on a computer display.

29. (previously presented) The system of claim 25 wherein the interactive device comprises a telephone under the control of the payor, and said transactions are presented to a payor via the telephone.

30. (previously presented) The system of claim 25 wherein the interactive device comprises an automated teller machine (ATM) under the control of the payor, and said transactions are presented to a payor on an ATM display.

31. (previously presented) The system of claim 25 wherein said transactions identify a date by which funds are to be transferred from the payor to a payee in payment of a bill.

32. (previously presented) The system of claim 25 wherein said interactive device permits specification of a date by which funds are to be transferred from the payor to a payee in payment of a bill.

33. (previously presented) The system of claim 25 wherein said transactions identify an amount of funds to be transferred from the payor to a payee in payment of a bill.

34. (previously presented) The system of claim 25 wherein said interactive device permits specification of an amount of funds to be transferred from the payor to a payee in payment of a bill.

35. (previously presented) The system of claim 25 wherein said transactions identify a payee originating a bill.

36. (previously presented) The system of claim 35 wherein a payee is identified by name.

37. (previously presented) The system of claim 35 wherein a payee is identified by an identifier.

38. (previously presented) The system of claim 27 wherein the interactive device presents to the payor one or more functions, and the payor communication interface is responsive to a payor's selection of a function at the interactive device.

39. (previously presented) The system of claim 38 wherein the payor communication interface responds to selection of a reversal function at the interactive device by generating one or more electronic funds transfer messages transferring from an identified payee and to an identified payor an amount previously transferred from the payor to the payee.

40. (previously presented) The system of claim 25 wherein the control parameters for a payor include a maximum payment amount which may be transferred by the funds transfer interface, the system preventing transfers of funds which exceed the maximum payment amount, and wherein

the payor communication interface responds to selection of a maximum payment at the interactive device by altering the maximum payment amount for the payor.

41. (previously presented) The system of claim 25 wherein the control parameters for a payor include a minimum interval time between transfers of funds to a single payee by the funds transfer interface, the system preventing a transfer of funds if any other transfer of funds for the payor and payee occurred during the minimum interval of time identified for the payee in the stored control parameters of the payor, and wherein the payor communication interface responds to selection of a minimum interval at the interactive device by altering the minimum interval time for the payor.

42. (previously presented) A bill paying method, comprising
storing payee information for each of a plurality of payees,
storing payor information, the payor information including parameters established by a payor for enabling transfers of funds to a payee from the payor establishing the parameters,
generating electronic funds transfer messages causing a transfer of an identified amount of funds for an identified payor and an identified payee using bill data, the stored payee information for the payee and/or the stored payor information for the payor,
receiving bill data from a plurality of payees, and causing an interactive device to present a plurality of transactions representing bills of at least two different payees.

43. (previously presented) The bill paying method of claim 42 further comprising responding to the payor's authorization of a bill by generating an electronic funds transfer message corresponding to the bill.

44. (previously presented) The bill paying method of claim 42 wherein authorization of a bill is indicated by direct entry and selection of an item representing a transaction presented using the interactive device.

45. (previously presented) The method of claim 42 wherein the interactive device comprises a digital computer under the control of the payor, and said transactions are presented to a payor on a computer display.

46. (previously presented) The method of claim 42 wherein the interactive device comprises a telephone under the control of the payor, and said transactions are presented to a payor via the telephone.

47. (previously presented) The method of claim 42 wherein the interactive device comprises an automated teller machine (ATM) under the control of the payor, and said transactions are presented to a payor on an ATM display.

48. (previously presented) The method of claim 42 wherein said transactions identify a date by which funds are to be transferred from the payor to a payee in payment of a bill.

49. (previously presented) The method of claim 42 wherein said interactive device permits specification of a date by which funds are to be transferred from the payor to a payee in payment of a bill.

50. (previously presented) The method of claim 42 wherein said transactions identify an amount of funds to be transferred from the payor to a payee in payment of a bill.

51. (previously presented) The method of claim 42 wherein said interactive device permits specification of an amount of funds to be transferred from the payor to a payee in payment of a bill.

52. (previously presented) The method of claim 42 wherein said transactions identify a payee originating a bill.

53. (previously presented) The method of claim 52 wherein a payee is identified by name.

54. (previously presented) The method of claim 52 wherein a payee is identified by an identifier.

55. (previously presented) The method of claim 44 wherein the interactive device presents to the payor one or more functions, and further comprising responding to a payor's selection of a function at the interactive device.

56. (previously presented) The method of claim 55 further comprising responding to selection of a reversal function at the interactive device by generating one or more electronic funds transfer messages transferring from an identified payee and to an identified payor an amount previously transferred from the payor to the payee.

57. (previously presented) The method of claim 42 wherein the control parameters for a payor include a maximum payment amount which may be transferred by the funds transfer interface, the method preventing transfers of funds which exceed the maximum payment amount, and further comprising responding to selection of a maximum payment at the interactive device by altering the maximum payment amount for the payor.

58. (previously presented) The method of claim 42 wherein the control parameters for a payor include a minimum interval time between transfers of funds to a single payee by the funds transfer interface, the method preventing a transfer of funds if any other transfer of funds for the payor and payee occurred during the minimum interval of time identified for the payee in the stored control parameters of the payor, and further comprising responding to selection of a minimum interval at the interactive device by altering the minimum interval time for the payor.

Evidence Appendix

None.

Related Proceedings Appendix

None.

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